



U. S. Department of Housing and Urban Development
Washington, D.C. 20410

OFFICE OF LEAD HAZARD CONTROL

POLICY GUIDANCE NUMBER: 97-01		DATE: January 14, 1997	
SUBJECT:	Lead Hazard Control Costs		
STATUS:	Current		
APPLICABILITY:	All grant rounds.		
RELATED GUIDANCE:			
COMMENTS:			

Dear Grantee:

I am writing this policy guidance letter to share some concerns regarding the high cost of lead hazard reduction in houses in such poor condition that the investment required to make them lead-safe raises basic questions about the wisdom of treating the unit. Given the fact that the Lead-Based Paint Hazard Control Grant Program focuses upon older properties that are often in substandard condition and have relatively low market value, this is an issue which will continue to confront you. It often involves decisions which you may find necessary to justify, especially to parties not familiar with our program.

There are two factors that require special consideration when evaluating the cost of making a unit lead-safe: 1) the condition of the unit; and, 2) the loan/grant to value ratio. If the structure is in very poor condition and requires major rehabilitation before LBP hazard control can take place, other sources of funding must be found to bring this structure "up to code". The Lead-Based Paint Hazard Control Grant Program is not a substitute for a housing rehabilitation program. While it does allow for modest rehabilitation actions such as patching a leaky roof in order to ensure the viability of hazard reduction activities, grant funds cannot be used to carry out major rehabilitation. Our program resources are far too limited for that and must focus upon our mandate: the elimination of lead-based paint hazards. If you cannot find another funding source to cover these costs, reassess the feasibility of treating that

unit. Remember--the higher the per unit cost, the fewer children you will be able to protect with limited grant resources---and the more unreasonable the costs of the program will appear.

Secondly, we know that many units containing significant lead hazards often have low market values. To illustrate, a townhouse in a low income neighborhood may be worth only \$15-25,000, a not uncommon scenario in many older central cities. The cost of eliminating LBP hazards may approach or even exceed the market value of the structure. Spending such amounts to make the unit lead-safe may raise internal as well as public questions as to whether this is a wise decision. Under such circumstances, you must use your professional judgment. In justifying a decision to proceed, however, it is imperative that you focus upon the mission of the program, i.e. protecting the health of children, rather than the value of the structure. The costs of medical care, special education, reduced lifetime earnings, and other intangible costs such as emotional stress may far exceed the costs of hazard reduction even if those costs are high relative to the unit value. In many housing markets where there is a shortage of affordable, safe, and sanitary housing, there may not be a choice since available low income housing is old and replete with lead hazards. The fact is that these families must be housed safely.

The bottom line is that there is no easy answer in determining which units receive grant funds. You must proceed based upon the circumstances and your best professional judgment. I remind you, however, that you must be prepared to defend your decision in a convincing manner. I hope that this letter will assist you in that process.

Please share this letter with your staff.

Sincerely,

A handwritten signature in dark ink, appearing to read "Ellis G. Goldman", with a long horizontal flourish extending to the left.

Ellis G. Goldman
Director, Program Management Division

Enclosures